

# Dirt to Dispensary Workshop Series

## Workshop #1

### Sonoma County Cannabis Program Overview



# Where are we and how did we get here?

- Ordinance development (2016)
- Board adopted local regulatory framework (Dec. 2016)
- Voters passed Measure A: Cannabis Business Tax (March 2017)
- **YOU ARE HERE:** Preparing for permits and compliance
- Workshop series
- Submit permit applications (starting July 5, 2017)
- Compliance...Success!

# Workshop Series

1. Sonoma County Cannabis Program Overview
  2. Cultivation 101
  3. Ordinance Standards and BMP Compliance
  4. Water and Wastewater
  5. Cultivation Infrastructure
  6. Manufacturing
  7. Dispensaries
  8. Taxation
- Hands-On Permitting Workshops

# Local and State Developments

- Sonoma County Cannabis Advisory Group
  - Applications open now through May 10<sup>th</sup>
- Transition Period / Penalty Relief Policy
  - Return to the Board at the end of May
  - Policy options: 1) longer period to submit applications; and/or 2) allow submittal of some requirements to be deferred.
- State regulations, legislation and trailer bill

# Cannabis Program Departments

- Permit and Resource Management Department
  - Issues all other land use permits for all license types
  - Permits structures, grading, wells, septic systems, etc.
  - Monitors compliance with operating standards and use permit conditions
- Department of Agriculture / Weights and Measures
  - Issues land use zoning permits for outdoor cultivation
  - Inspects all cultivation sites and nurseries: BMPs, pesticides, pests, organic products, crop statistics
  - Weights and measures



# Cannabis Program Departments

- Fire and Emergency Services Department
  - Reviews and inspects for fire prevention and safety
  - Issues operating permits
- Department of Health Services
  - Issues permits for edible manufacturing & dispensaries
  - Monitors for compliance with health regulations
- Auditor-Controller-Treasurer-Tax Collector
  - Collects taxes
  - Administers the tax program and enforces compliance

# Cannabis Program Departments

- Economic Development Board
  - Houses the new cannabis ombudsman: primary point of contact, overall program coordination
  - Business development assistance
  - Market research and analysis
- County Administrator's Office
  - Tax policy development
  - Budget development and analysis
  - Staffing Cannabis Ad Hoc Committee
  - Program oversight





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## Sonoma County Cannabis Program

### Upcoming Events »



#### Sonoma County Cannabis Overview

Today: **May 3, 2017** from 3:00 – 5:00

#### Agenda

This kick-off workshop is for all o  
will include an overview of the Pr

the Cannabis Land Use Ordinance, Cannabis Health Ordinance, and



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**Cannabis**

#### Contact Information

**Sonoma County Cannabis  
Program**

Contact Us by Web Form

Email: [cannabis@sonoma-county.org](mailto:cannabis@sonoma-county.org)

Contact Us by Phone

- Events
- New postings
- Sign up for updates





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## Sonoma County Cannabis

### Legislation and Policy Development

#### Sonoma County Cannabis Ordinances

The Sonoma County Board of Supervisors adopted the Cannabis Ordinance for Land Use, Medical Cannabis Health Ordinance, and Cannabis Business Tax Ordinance in December 2016.

[Learn more »](#)

#### Phase II Policy Development

Phase II in 2017 will focus on implementation, community engagement, and evaluating and addressing impacts.

[Learn more »](#)

#### Committees and Advisory Groups

#### Contact Information

##### Sonoma County Cannabis Program

Contact Us by Web Form

Email: [cannabis@sonoma-county.org](mailto:cannabis@sonoma-county.org)

##### Contact Us by Phone

Phone : (707) 565-7389

CA Relay: 711

Advisory Group  
Applications

# Permit and Resource Management Department

**Amy Lyle**

Planner III, Comprehensive Planning



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**Cannabis**

## Cannabis Business Permit Requirements

### Cultivation

Cannabis cultivation sites include locations where cannabis is planted, grown, harvested, dried, cured, graded, or trimmed. Those interested in operating a cannabis cultivation site will require:

- Cannabis land use permit,
- Building, well and septic permits (as applicable)
- Fire review and inspection
- Cultivation inspection

[Learn more »](#)

### Dispensaries

Dispensaries are medical only and can only sell cannabis and related products to patients with a valid medical recommendation. Delivery operations must be connected to a brick and mortar dispensary. Those interested in operating a medical cannabis dispensary require:

- Cannabis land use permit,
- Building, well and septic permits (as applicable)
- Fire review and inspection
- Cannabis health permit

[Learn more »](#)

### Distribution and Transportation

A cannabis distributor procures cannabis from cultivators and manufacturers

### Contact Information

#### Sonoma County Cannabis Program

Contact Us by Web Form  
Email: [cannabis@sonoma-county.org](mailto:cannabis@sonoma-county.org)

Contact Us by Phone

Phone : (707) 565-2420  
CA Relay: 711

# Cannabis Land Use Ordinance

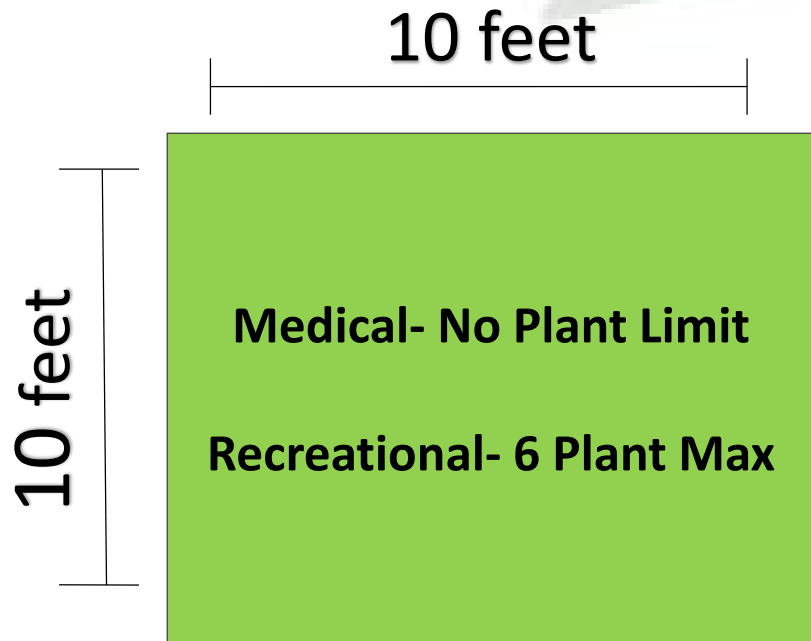
- Footnotes
- Limits on Cultivation Size
- Combining Cultivation Types

**One Acre Total  
per Property**

FINAL (ADOPTED DEC 20, 2016) SUMMARY OF ALLOWED LAND USES AND PERMIT REQUIREMENTS FOR											
MAXIMUM CULTIVATION AREA PER PARCEL (square feet or plant)	MINIMUM PARCEL SIZE	STATE LICENSE TYPE	Agricultural			Resources		Rural Residential		Urban R	
			Land Intensive Agriculture	Land Extensive Agriculture	Diverse Agriculture	Resources and Rural Development	Timber Preserve	Agriculture and Residential	Rural Residential	Low Density Residential	Medium Density Residential
			LIA <sup>1</sup>	LEA <sup>1</sup>	DA <sup>1</sup>	RRD <sup>1</sup>	TP	AR <sup>1</sup>	RR	R1	R2
100 sq. ft. including up to 6 plants for adult use per residence	None	exempt	P	P	P	P	P	P	P	P	P
Use permit											
43,560		4	CUP	CUP	CUP	CUP	—	—	—	—	—
22,000		4	CUP <sup>3</sup>	CUP	CUP	CUP	—	—	—	—	—
25 plants	2 ac	1C	ZP	ZP	ZP	MUP	—	—	—	—	—
100 sq. ft. or	2 ac	1	CUP	ZP	ZP	CUP	—	—	—	—	—

# Personal Cultivation

- 100 sq. ft. per residence
- 6 plant limit on nonmedical (Prop 64)
- No outdoor in multi-family, R2, R3
- Landlord approval required
- Shall not be visible



# Cannabis Permitting

Permit  
Sonoma  
(PRMD)

- Zoning Permits (indoor & mixed light)
- Minor and Conditional Use Permits

Dept. of  
Agriculture

- Outdoor Cultivation Zoning Permits up to 10,000 sq. ft.

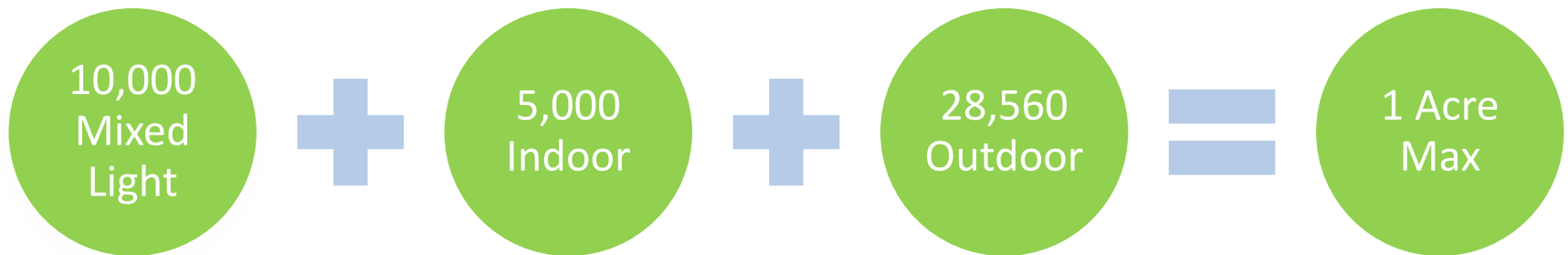


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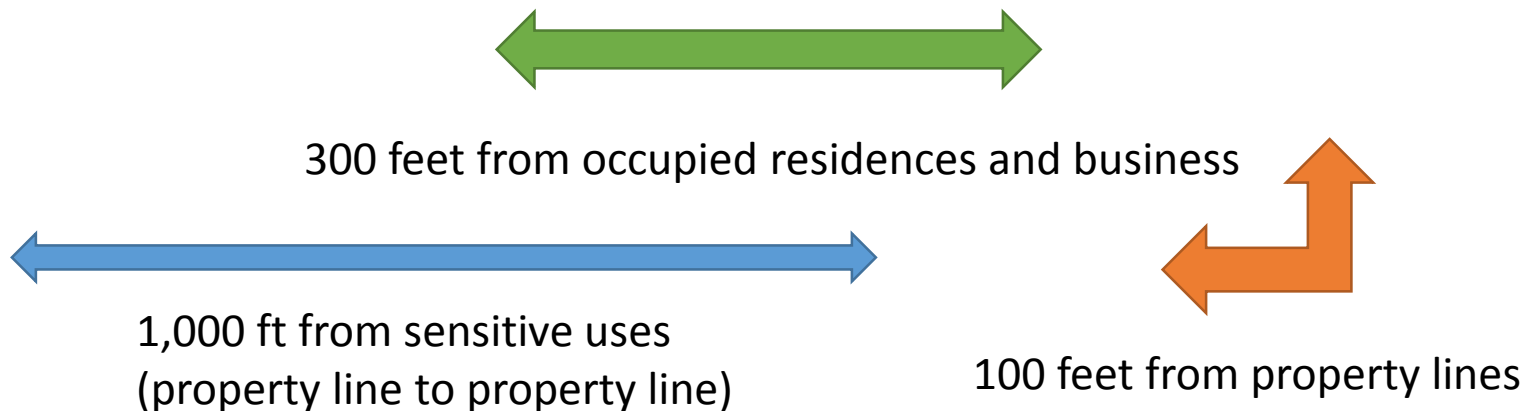
# Cannabis Permitting

- Annual Permits
- Permitting the Operator
- Multiple Operators Allowed (except for RRD)
- Cultivation Type Combinations



# Site Planning

- Finding a Site
- Setbacks
- Separation Criteria
- Design Review (Administrative)
- Fencing





# What Can You Do Now?

- Biotic Assessment
- Fire Prevention Plan
- Water Management Plan
- Energy Use
- Regional Board Requirements
- Security Plan



# Department of Agriculture / Weights & Measures (AWM)

**Sue Ostrom**

Assistant Agricultural Commissioner/Sealer



## Sonoma County Cannabis Program

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# Sonoma County Cannabis

## Cultivation

[Return to Cannabis Permits](#)

Applications, supplemental information and checklist will be posted soon.

## Required Permits and Inspections

Cannabis cultivation sites include locations where cannabis is planted, grown, harvested, dried, cured, graded, or trimmed. Those interested in operating a cannabis cultivation site will require the following:

### Cannabis Land Use Permit

#### Outdoor Zoning Permits

- The Department of Agriculture/Weights and Measures will issue outdoor cottage permits in the agricultural zones (Land Intensive Agriculture or LIA, Land Extensive Agriculture or LEA, and Diverse Agriculture or DA) and outdoor grows up to 10,000 square feet in the LEA and DA. Zoning permits are ministerial and will be issued once it can be verified that the operation meets all the standards within the ordinance.

See [Cannabis Permits from Agriculture, Weights & Measures](#)

#### Outdoor Use Permits and all Indoor and Mixed Light Permits

- A use permit is a discretionary permit and Permit Sonoma will review each application and condition on a case-by-case basis. Each permit is subject to public notification and environmental review. A minor use

### Contact Information

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[Contact Us by Web Form](#)

Email: [cannabis@sonoma-county.org](mailto:cannabis@sonoma-county.org)

#### Contact Us by Phone

Phone : (707) 565-2420

CA Relay: 711

# Which permits will AWM issue?

- Outdoor zoning permits on ag zoning designations:

				Agricultural		
LAND USE	MAXIMUM CULTIVATION AREA PER PARCEL (square feet or plant)	MINIMUM PARCEL SIZE	STATE LICENSE TYPE	Land Intensive Agriculture	Land Extensive Agriculture	Diverse Agriculture
				LIA <sup>1</sup>	LEA <sup>1</sup>	DA <sup>1</sup>
MEDICAL AND ADULT USE CANNABIS						
Personal Cultivation <sup>2</sup>	100 sq ft including up to 6 plants for adult use, per residence	None	exempt	P	P	P
MEDICAL CANNABIS USES						
Nursery	per use permit					
Wholesale (outdoor)	43,560		4	CUP	CUP	CUP
Wholesale (indoor/greenhouse)	22,000		4	CUP <sup>3</sup>	CUP	CUP
Outdoor Cultivation						
Cottage	25 plants	2 ac	1C	ZP	ZP	ZP
Specialty Outdoor	5,000 sq. ft. or 50 plants	3 ac	1	CUP	ZP	ZP
Small Outdoor	5,001 - 10,000	5 ac	2	CUP	ZP	ZP
Medium Outdoor	10,001 - 43,560	10 ac	3	CUP	CUP	CUP

- Land Intensive Agriculture (LIA)
- Land Extensive Agriculture (LEA)
- Diverse Agriculture (DA)

# Checklists?

## The Pre-Application Project Description and Checklist.

DEPARTMENT OF AGRICULTURE/WEIGHTS & MEASURES

Tony Linegar  
Agricultural Commissioner  
Sealer of Weights & Measures



133 Aviation Blvd., Suite 110  
Santa Rosa, CA 95403-1077  
(707) 565-2371 Fax (707) 565-5850  
sonomacounty.ca.gov/awm

**PRE-APPLICATION PROJECT DESCRIPTION AND CHECKLIST**

This form does not represent a permit application. This checklist may be used as a guide for applications involving outdoor cultivation. Permit fees are due upon submission of permit application form. Permit applications are accepted through a permit intake appointment to review the application materials. This pre-application will allow for basic feedback regarding your proposed site. This does not guarantee your site will be issued a permit or determine the order in which your permit will be processed. Please submit this project description form when you schedule your intake appointment. The checklist on the following page consists of items you will need as part of your permit application. Please do not contact the department to schedule an intake appointment until you have completed all items identified in the checklist.

APPLICANT NAME: \_\_\_\_\_

DBA: \_\_\_\_\_

MAILING ADDRESS: \_\_\_\_\_

CITY: \_\_\_\_\_ STATE: \_\_\_\_\_ ZIP: \_\_\_\_\_

PHONE: \_\_\_\_\_ FAX: \_\_\_\_\_ CELL: \_\_\_\_\_

EMAIL: \_\_\_\_\_

SITE ADDRESS: \_\_\_\_\_

CITY: \_\_\_\_\_ STATE: \_\_\_\_\_ ZIP: \_\_\_\_\_

ASSESSOR'S PARCEL NUMBER(S): \_\_\_\_\_

ZONING OF SITE: \_\_\_\_\_

TOTAL ACREAGE OF PARCEL(S): \_\_\_\_\_

INTENDED SIZE OF PLANTING AREA: \_\_\_\_\_

INTENDED PERMIT APPLICATION STATUS:

☐ Cottage (25 plants) ☐ Specialty Outdoor (5,000 ft<sup>2</sup> or 50 plants) ☐ Small Outdoor (5,001 ft<sup>2</sup> - 10,000 ft<sup>2</sup>)

EXISTING LAND USE: ☐ AG CROP ☐ PASTURE ☐ RANGELAND ☐ TIMBERLAND ☐ OTHER: \_\_\_\_\_

BRIEF DESCRIPTION OF THE PROJECT:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Include an aerial map of your site with the pre-application project description. This aerial map should indicate the proposed footprint of the cultivation to allow preliminary evaluation of the site in preparation for the Permit Application Intake appointment.

- ☐ It's a Guide: Use it to build your application packet
- ☐ Identifies required information for permit review and builds a farm plan
- ☐ Once complete, submit the top page to AWM when you schedule your permit intake appointment – we will start scheduling appointments on June 1<sup>st</sup>. Appointments start in July



# Weights & Measures

- Regulates all weighing and measuring devices used in commerce throughout the county.
- Certifies to the accuracy of these devices to prevent unfair business practices.
- Regulates packaging and labeling for anything sold by weight, volume, or count.
- Laws level the playing field for commerce, protect businesses, and allow a fair basis for value comparison by the consumer.

# What does this mean for Cannabis?

- Dispensaries – will need appropriate scales and have them registered and certified (tested), scanners registered
- Manufacturers – will need to be sure any packaged products have proper labeling and packaging (meet fair packaging and labeling act)
- Cultivators, distributors, transporters, dispensaries and manufacturers may need weighmaster licenses if the product is being sold by weight and both parties are not present during the weighing

# Weights & Measures Resources

## California Weights and Measures Regulatory Requirements for Medical Cannabis in the Areas of:

Scale Selection  
Scale Registration and Testing  
Service Agencies  
Packaging & Labeling Inspections  
Weighmasters

"Ensuring fair competition for industry and  
accurate value comparison for consumers."



Division of Measurement Standards  
6790 Florin Perkins Road, Suite 100  
Sacramento, CA 95828  
916-229-3000

[dms@cdfa.ca.gov](mailto:dms@cdfa.ca.gov)

- <https://www.cdfa.ca.gov/dms/pdfs/MedicalCannabisRegulatoryRequirements.pdf>
  - Scale Selection, Registration and Testing
  - Service Agents
  - Packaging and Labeling
  - Weighmasters



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# Scales (Device Program)



- Scales must be type approved
- Class II suitable for weighing cannabis due to accuracy
- Devices must be registered with the Department
- \$100.00 business location fee + device registration fee per device
- Contact Sonoma County W&M at 707-565-2371

# Point of Sale (Scanner systems)

- Sonoma County ordinance requires businesses to register “Automated Point of Sale” price lookup systems
- Registration Fees by # of POS systems
- Annual price verification inspection
- Businesses held to lowest “posted, advertised, or labeled” price representation of the products they sell

# Packaged Commodities

## (Net Content and Labeling Requirements)



- Products are required to be labeled with what is commonly referred to as the IRQ statements: Identity, Responsibility and Quantity
- The **identity** declaration identifies what the product is.
- The **responsibility** declaration identifies the manufacturer or "packer" of the product.
- The **quantity** declaration is the stated "net content" of the product.

# Weighmaster Program

- The weighmaster is an individual or business that weighs or measures bulk commodities and issues a statement of quantity, which is used as the basis for sale or purchase of that commodity. (when both buyer and seller cannot be present)
- Weighmasters are licensed by the CDFA Division of Measurement Standards.
- Some businesses that might become licensed as weighmasters include but are not limited to Cultivators, Transporters, Distributors, Manufacturers, and Dispensaries.

WEIGHMASTER CERTIFICATE		Certificate # 177 / 1
<small>THIS IS TO CERTIFY that the following described commodity was weighed, measured, or counted by a weighmaster, whose signature is on this certificate, who is a recognized authority of accuracy, as prescribed by Chapter 7 (commencing with Section 12700) of Division 5 of the California Business and Professions Code, administered by the Division of Measurement Standards of the California Department of Food and Agriculture.</small>		
Weighed For: JX2 Winery AP		
Address:		
Carrier:		
Connote:		
Commodity:	Wine grapes	Bond No: 1234
Grower:	Cash creek casino [a]	
Vineyard:	Howell Mountain	
Area:	4	Weighed at: 123 Anywhere Ave. Napa, CA 94559
Sub AVA:	Howell mountain	Postal: 123 Anywhere Ave. Napa, CA 94559
Block / Variety:	Chad Wine / Cabernet Sauvignon	Phone: (707) 215-4637
Harvest / MOG:	/ (A)	Fax:
		Email: info@jx2.com
Gross (T)	3.330	
Tare (T)	0.000	
Net (T)	3.330	
Notes:		
Weighed by:	Deputy Driver: Vehicle/Trailer:	Date weighed: 08/28/2015 Time In: Time Out:

# Summary

- Selling using a scale:
  - Must be a type approved Class II scale
  - Register it with our department
- Point of sale (scanner) device:
  - Register it with our department
- Producing packaged commodities:
  - Must meet fair labeling and packaging act
  - Must include identity, responsibility and quantity statements
- If the buyer and seller are not both present during the weighing of a commodity (non-packaged) you need to have a weighmaster – apply through CDFA



Contact  
Sonoma County AWM  
707-565-2371  
or by email at:  
[sonomaag@sonoma-county.org](mailto:sonomaag@sonoma-county.org)

# Sonoma County Fire and Emergency Services

**James Williams**

Assistant Fire Chief



Sonoma County  
**Cannabis**

# Fire and Emergency Services

Cannabis operations will be treated as any other commercial business.

- Sonoma County Fire Prevention is responsible for pre-fire plans and emergency planning for the following occupancy types:
  - Business/Mercantile—“B/M” Occupancies
  - Factory— “F” Occupancies, Manufacturing and processing
  - Hazmat—“H” Occupancies
  - Storage—“S” Occupancies
  - Labs—“L” Occupancies



# Certified Unified Program Agency: CUPA

CUPA is triggered if chemical use exceeds reportable quantities (*Health and Safety Code Chapter 6.95*)

- Outdoor Operations: Shared responsibilities under Department of Agriculture and Fire and Emergency Services
  - 10,000 square feet and less: Ag Department
  - Over 10,000 square feet: Fire and Emergency Services
- Indoor Operations
  - Sonoma County Fire and Emergency Services

# Fire Prevention Permits

- Construction
- Operational

# Construction Permits: New and existing buildings

- You will need a permit for:
  - Any new construction per the California Building Code
  - Buildings that are deemed to be a change in occupancy
  - Remodels or alterations to existing structures
- If a construction permit is required, we will review and inspect:
  - Fire Department Access
  - Water storage
  - Addressing
  - Fire Protection Systems
  - Hazardous Materials Storage

# Operational Permits

Required for life safety of workers, the public and first responders, and the protection of the environment and property.

- Illegal electrical, interior walls built without permits, emergency exiting (egress), any fire protection components

Necessary for the following activities:

- Cultivation
- Distribution
- Manufacturing (non-volatile)
- Testing and Laboratory

# Cannabis Health Permit

Christine Sosko

Director of Environmental Health





## Manufacturing

[« Return to Cannabis Permits](#)

Applications, supplemental information and checklist will be posted soon.

### Required Permits and Inspections

A cannabis manufacturer is an establishment that produces, prepares, compounds, packages or labels manufactured cannabis or cannabis products. Those interested in operating a cannabis manufacturer will require the following:

#### Cannabis Land Use Permit

Cannabis manufacturers are allowed in the industrial zones (MP, M1, M2, and M3) and will require a minor use permit from Permit Sonoma.

A use permit is a discretionary permit and each application is reviewed and conditioned on a case-by-case basis. Each permit is subject to public notification and environmental review. A minor use permit may be approved administratively without a public hearing if one is not requested by the public.

#### Building, Well and Septic Permits

As applicable, from Permit Sonoma

#### Fire Review and Inspection

Fire and Emergency Services will review all manufacturing permit applications and be responsible for inspecting and monitoring for compliance.

#### Cannabis Health Permit

Edible manufacturing businesses will require a permit from the Department of Health Services.

[See Permit for Edible Medical Cannabis Product Manufacturing Site »](#)

# Cannabis Health Permit

- The Health Department, Environmental Health will be
  - Issuing Health Permits to Medical Cannabis Dispensaries
  - Issuing Health Permits to Medical Edible Cannabis Product Manufacturers
  - Providing food safety education and inspections

# Cannabis Health Permit

## What are Dispensaries?

- A permanent establishment that provides retail sales of medical cannabis and medical cannabis products either on-site or via delivery service
- Delivery services must be owned and controlled by a permitted Dispensary
- Dispensaries may only sell medical cannabis and medical cannabis products
- **All Dispensaries require a Health Permit**



# Cannabis Health Permit

## What are Manufacturers?

- Extraction processors
  - Volatile (propane, butane)
  - Non-Volatile (CO2, water, filter/press, dry ice)
- Infusion processors - edible and topical manufacturing
- Packaging or repackaging of manufactured medical cannabis or medical cannabis products
- Labeling or re-labeling the packages of manufactured medical cannabis or medical cannabis products
- **Manufacturer facilities require a Health Permit if preparing or packaging any cannabis-infused product for consumption.**

# Cannabis Health Permit

## Background for Health Permits

- Each year, 1 in 6 Americans get sick from eating contaminated food according to the Centers for Disease Control and Prevention.
- Edibles are not considered a food or drug by law
- Health Officer Authority: unincorporated county / city and town
- Health Ordinance

# Cannabis Health Permit

## Timeline

- June
  - Workshops & Outreach
  - Plan Review Packets, Site Review Applications and Permit Applications available online
  - Interested parties may schedule individual consultations
- July 5
  - Implement Health Permitting Process
  - Accept Plan Review Applications for Manufacturers and new Dispensaries
    - Initiate Site Reviews for existing, permitted facilities
- Jan 1, 2018
  - State implements licensing

# The Permit Process

- Although edible medical cannabis products are not defined as a food in the California Health and Safety Code, Environmental Health will establish protocols that will reference pertinent aspects of the food safety standards in the California Retail Food Code to ensure safe edible medical cannabis products.
- We anticipate the permit process will be as follows:

# Step 1: Submit a Plan Review application

- Environmental Health is currently developing the process and documents for Plan Review
- The process will closely resemble the existing process for a new food facility
- Medical Cannabis Dispensaries with existing land use permits approved prior to July 1, 2017 may not be required to submit plans to Environmental Health.
- In all cases, an on-site review will be required to verify the current site meets requirements.

# Step 2: Complete a Construction Inspection

- Once a Plan Review application is approved and an applicant has finished any necessary improvements to the property, Environmental Health will conduct an on-site Construction Inspection.
- The Construction Inspection verifies that the facility has been constructed according to approved plans.
- For existing facilities, compliance timelines will be established based on the associated health and safety risks.

# Step 3: Apply for a Health Permit

- When step 1 and step 2 are completed, you may submit an application for a Health Permit.
- Please note that a new site may not operate without an approved Health Permit.
- Existing permitted sites may be issued a conditional Health Permit to allow a transition time to meet health requirements.

# Step 4: Receive an Opening Inspection

- An Opening Inspection will be conducted by Environmental Health within 30 days of the Health Permit being issued.
- Routine inspections will be conducted twice per year.
- Inspections will cover best practices for edible medical cannabis product preparation, storage, general cleanliness, employee health, hand washing, facility maintenance and other safety issues.
- Initial inspections will emphasize education to prevent potential food borne illnesses.



# Health Permit Action Items

- Attend Health Workshops in June
- Download Plan Review Packets, Site Review Applications and Permit Applications from Cannabis website in June
- Monitor the Cannabis website for updates and information
- If you have any questions or concerns about your health permit please contact Environmental Health at (707) 565-6565
- Don't delay!

# Cannabis Business Tax Ordinance

**Paul Cocking**

Investment and Debt Manager

Auditor-Controller- Treasurer-Tax Collector



Sonoma County  
**Cannabis**

# Cannabis Business Tax Ordinance

- Applies to all entities engaged in the cultivation, manufacturing, distribution, transportation, sale or testing of cannabis.

Operator	Starting Rate	Maximum Rate
Manufacturing	5%	10%
Nurseries, Distributors, Labs, Transporters, Dispensaries	0%	10%
Outdoor Cultivators	\$.50-\$3.50/sq. ft.	\$10/sq. ft.
Indoor Cultivators	\$1.88-18.75/sq. ft.	\$38/sq. ft.
Mixed Light Cultivators	\$1.08-10.80/sq. ft.	\$22/sq. ft.

# Cannabis Business Tax Ordinance

- Taxes are due quarterly
  - 30 days after the close of a quarter
  - Tax Collector or tax payer can require a shorter filing period
- Taxes are considered paid timely when the payment has been physically received by the Tax Collector.
  - Postmark is not sufficient
- Operators subject to a zero tax rate are still required to fill out appropriate tax return.
- Two ways to pay cannabis taxes
  - Mail in a completed tax return with payment
  - Bring payment into the Tax Collector's office





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## Sonoma County Cannabis

### Cannabis Taxation

After the passage of Measure A, the Sonoma County Cannabis Business Tax on March 7, 2017, businesses engaged in the cultivation or manufacturing of cannabis/cannabis products within the unincorporated areas of Sonoma County are required to pay taxes.

See [Tax Rate Information](#) »

Our goal is to make this transition as smooth as possible. We will provide information relating to how we will be implementing the tax. If you are interested in operating a cannabis business, the information covered will include: tax rates, tax forms, and how to schedule an appointment with the Tax Collector.

Please check back often as we will be updating the information by July 1, 2017, implementation date.

#### Contact Information

##### Sonoma County Cannabis Program

Contact Us by Web Form

Email: [cannabis@sonoma-county.org](mailto:cannabis@sonoma-county.org)

##### Contact Us by Phone

Phone : (707) 565-7389  
CA Relay: 711

#### Look for:

- Tax returns
- Tax ordinance & rates
- Schedule an appt.
- FAQ's
- Contact Tax Collector

# Who is the EDB?

Tim Ricard

Business Expansion & Retention

- Sonoma County Department with three “core” functions
  - Events
  - Data and Reports
  - Direct services to local business (AT NO COST!)
- The Cannabis “Ombudsman” will be housed at the EDB



## Sonoma County Cannabis Program

[Personal Use & Cultivation](#)[Business Readiness Guide](#)[Permits](#)[Taxes](#)[Legislation & Policy](#)[Calendar](#)[News Archive](#)[Contact Us](#)

# Sonoma County Cannabis

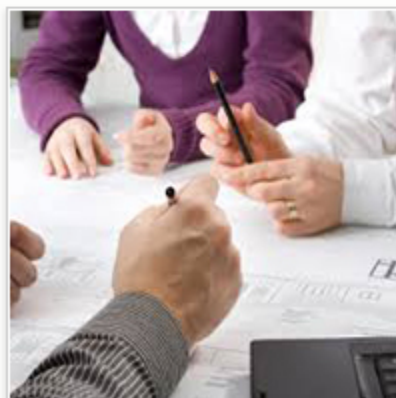
## Cannabis Business Readiness Guide

Are you thinking of opening a cannabis business in unincorporated Sonoma County? Have you been operating as a collective and not sure how to transition into a business? The Sonoma County Economic Development Board is focused on making your business a success.

Opening a cannabis business has unique challenges due to conflicting state and federal laws and a new or still incomplete regulatory system. This online Cannabis Business Readiness Guide was created to help you better understand these challenges and provide you with information and resources to help you get started!



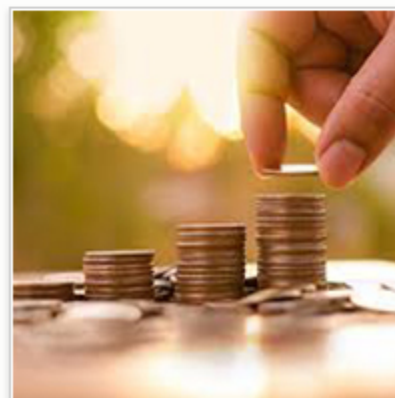
### 1. Developing a Business Plan »



### 2. Register your Business »



### 3. Financing »



# Starting a “Traditional” Business

ZONING TAX CODE WASTEWATER  
TAX CERTIFICATE LIABILITY BUILDING PERMIT  
BUSINESS PROPERTY TAXES FIRE CLEARANCE  
LIABILITY PAYROLL TAXES WASTE FEES  
FIRE CLEARANCE TAX CERTIFICATE  
BUSINESS LICENSE SELLERS PERMIT  
TAX CERTIFICATE PAYROLL TAXES  
LEGAL STRUCTURE TAX CODE SELLERS PERMIT  
BUILDING PERMIT SELLERS PERMIT HEALTH CLEARANCE  
PAYROLL TAXES  
WASTE FEES BUSINESS LICENSE  
FICTITIOUS BUSINESS NAME  
STATEMENT WASTE FEES



Sonoma County  
Cannabis





# Starting a Cannabis Business

JEFF SESSIONS STIGMA NEW TAXES UNFINISHED REGULATIONS  
TAX CERTIFICATE NO INTERSTATE COMMERCE WASTEWATER  
PAYROLL TAXES BUILDING PERMIT  
BUSINESS PROPERTY TAXES TAX CERTIFICATE  
LIABILITY BUILDING PERMIT WASTE FEES  
FIRE CLEARANCE WASTEWATER FIRE CLEARANCE  
CASH PAYROLL BUSINESS LICENSE BUSINESS PROPERTY TAXES  
TAX CERTIFICATE PAYROLL TAXES  
LEGAL STRUCTURE TAX CODE SELLERS PERMIT THEFT  
CONFLICTING LAWS LEGAL STRUCTURE  
BUILDING PERMIT SELLERS PERMIT LIABILITY HEALTH CLEARANCE  
FEDERAL RAIDS PAYROLL TAXES BUSINESS LICENSE  
SELLERS PERMIT LACK OF BANKING LACK OF BANKING  
FICTITIOUS BUSINESS NAME  
STATEMENT WASTE FEES



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# Cannabis Business Readiness Guide

1. Initial Research and Developing a Business Plan
2. Register your Business
3. Financing
4. State Licensing
5. Tax Requirements
6. Employer Responsibilities
7. Business Insurance
8. Tax Incentives
9. Additional Resources



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# Business Plan

**"Failing to plan  
is planning to fail."  
~ Alan Lakein**



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# Research

## Industry at a Glance

Medical & Recreational Marijuana Growing in 2016

### Key Statistics Snapshot

Revenue **\$3.5bn** Annual Growth 11-16 **28.3%** Annual Growth 16-21 **33.5%**  
 Profit **\$233.4m** Wages **\$957.6m** Businesses **148,294**

### Market Share

There are no major players in this industry

p. 25

### Revenue vs. employment growth



### Per capita disposable income



SOURCE: WWW.IHSJEWELL.COM

### Products and services segmentation (2016)

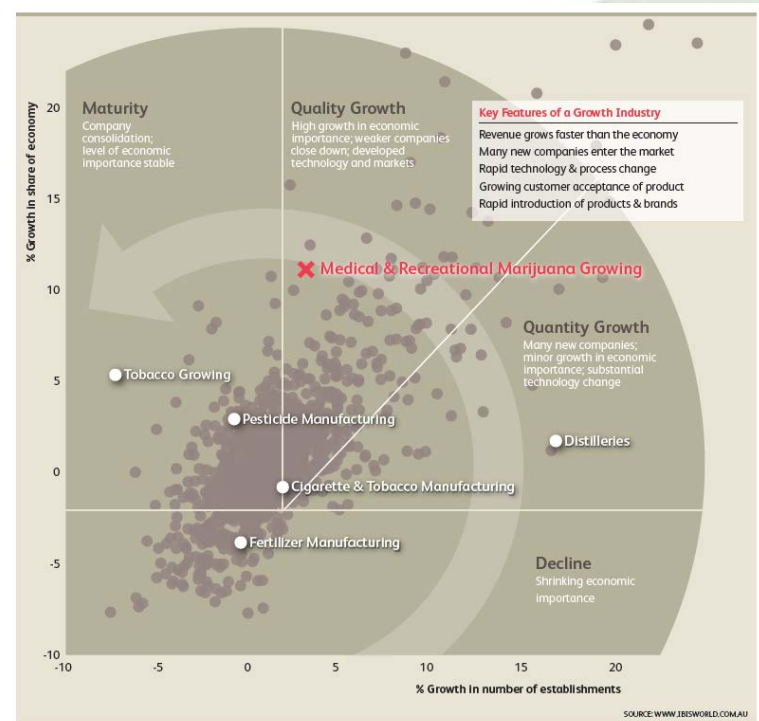


SOURCE: WWW.IHSJEWELL.COM

### Key External Drivers

- Regulation
- Per capita disposable income
- Number of adults aged 50 and older
- External competition

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# Business Plan

- An executive summary
- An operations plan
- A marketing plan
- The proposed organizational/legal structure
- Financial Projections
- Business Name



# Register your Business

## REGISTER WITH THE CA SECRETARY OF STATE

Registration requirement and forms may be found at the California Secretary of State website: [www.sos.ca.gov/business-programs](http://www.sos.ca.gov/business-programs)

## SONOMA COUNTY FICTITIOUS NAME STATEMENT

Sonoma County Clerks' Office  
2300 County Center Drive, B-177  
Santa Rosa, CA 95403  
(707) 565-3800

[www.sonoma-county.org/clerk](http://www.sonoma-county.org/clerk)



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# Financing Your Business



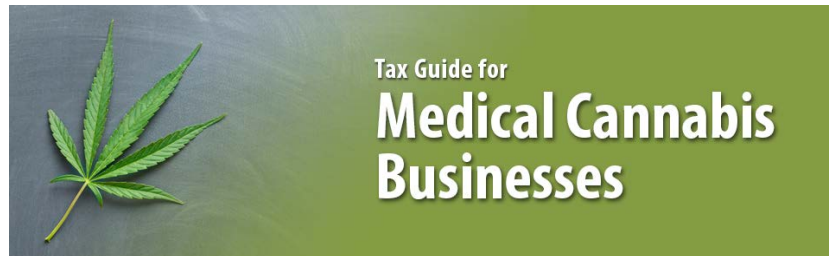
Sonoma County  
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# Tax Requirements

- Subject to federal, state, and local taxes
- IRS does not allow businesses involved in “trafficking of controlled substances” to deduct ordinary and necessary business expenses

California State  
**Board of Equalization**





# Employer Responsibilities



- Employer Registration
- Workers Compensation
- Employee Wages and Working Conditions
- Employee Safety and Health
- Independent Contractor or Employee?



# Business Insurance

- Workman's Comp (required by law)
- Business Liability Insurance
- Property and Inventory Insurance
- Product Liability Insurance
- Vehicle Insurance
- Business Interruption Insurance

# Tax Incentives!

- Partial Exemption for Farm Equipment and Machinery
  - 5% sales tax exemption when purchasing-
    - Farm Equipment
    - Trimming Tools
    - Drying Racks
    - Grow lights
    - Greenhouse
    - Solar Equipment
    - Irrigation Equipment

# Tax Incentives!

- Manufacturing and Research and Development Exemption-
  - 4% sales tax exemption when purchasing-
    - Manufacturing equipment
    - Extraction equipment
    - Special purpose buildings
    - Air filtration systems

# Additional Resources

